

Testimony of James Oliver, Job Coach with *Horizons*, Before the Appropriations Committee of the Connecticut General Assembly

Wednesday, February 22, 2012

Room 2C of the Legislative Office Building, Hartford, Connecticut

H.B. No. 5014 "An Act Making Adjustments to State Expenditures and Revenues for the Fiscal Year Ending June 30, 2013"

Good evening (State) Senator Harp, (State) Representative Walker, and honorable members of the Appropriations Committee. My name is James Oliver, and for the past nine years I have been a Job Coach with *Horizons*, a nonprofit agency that works with people with developmental disabilities. *Horizons* is also a member of the Connecticut Association of Nonprofits. I speak before you in support of House Bill 5014, which is "An Act Making Adjustments to State Expenditures and Revenues for the Fiscal Year Ending June 30, 2013." I appreciate the Governor's proposed 1% cost-of-living adjustment (COLA), but I ask this Committee to consider making the COLA effective July 1, 2012, instead of New Year's Day of next year. Furthermore, I hope this expenditure is the first step in a multi-step process, and not the final action on this issue for years to come.

Let us not forget, for nonprofit employees in human services, it has been five years since the last COLA was introduced into the State's budget. However, even before the 2008 financial crisis, the economic stability of nonprofit employees was only marginally better than in current times. Since the recession struck, overtime at many nonprofits has been reduced, and until recently, wages were frozen & full time employment was scarce, which caused many nonprofit employees to live in a state of perpetual debt. As the cost of living in Connecticut continually rises, the State needs to recognize that eleven percent of its populace works for nonprofit organizations, and the services nonprofits provide are more cost effective than the same services provided by State agencies.¹

I empathize with the plight of State employees, because over the past year, through consolidation, the number of State agencies has been reduced by twenty-five percent. These changes will undoubtedly save the State billions of dollars.² However, according to Benjamin Barnes, who is the Secretary of OPM, it will be difficult for State agencies to run efficiently with the proposed cuts in the State budget.³ This void left by the State in services provided to the people, will increase demand for human services provided by nonprofit agencies.

Nevertheless, in Connecticut, the destabilization of the nonprofit industry looms near, because the majority of nonprofits in the State have less than one month worth of capital reserves on hand.⁴ A poll conducted by the Connecticut Association of Nonprofits reveals, in 2011, about

¹Heinrich, Deborah. "Speech on Advocacy before the Connecticut Association of Nonprofits." (Speech Given at the University of Hartford, Hartford, CT. January 12, 2012).

²Malloy, Governor Dannel P. "Fiscal Year 2013 Midterm Budget Address: Building an Economic Revival." (Speech given at the Connecticut General Assembly, Hartford, CT. February 8, 2012).

³Phaneuf, Keith M. "Connecticut Mirror," Connecticut Mirror, <http://ctmirror.org/story/15334/malloy-likely-keep-plenty-state-jobs-vacant-another-year> (accessed February 7, 2012).

⁴Heinrich, Deborah. "Speech on Advocacy Before the Connecticut Association of Nonprofits." (Speech Given at the University of Hartford, Hartford, CT. January 12, 2012).

seventy percent of nonprofit agencies saved costs by keeping positions vacant, and almost fifty percent of nonprofits had to reduce staff hours, or cut staff for the same purpose.⁵ Even with these necessary adjustments, the recent findings of a study by the Program Review and Investigations Committee indicates, the standard of services provided by nonprofits remains equal to, or superior to State operated services, with a price tag two and a half times less than the same services offered by State agencies. Collectively, these statistics provide evidence that in Connecticut, nonprofit agencies operate efficiently, despite having fewer resources to offer full time jobs for workers in the community.⁶

In light of these facts, I ask this Committee, the Connecticut General Assembly, and Governor Malloy to double down on their investment in nonprofit organizations. For many years, the State of Connecticut has fairly compensated State employees, while under valuing nonprofit employees. I understand the appeal of nonprofits is their cost effectiveness. However, a median can be met between what nonprofit employees now make, and what State employees with similar responsibilities earn. In achieving this median, the State can provide a stimulus to the job market; increase the standard of living for nonprofit employees, and still save billions of dollars. These benefits are consistent with the principles of economic sustainability, and I hope you will consider them when crafting the final budget. Thank you for your time. If you have any questions, please feel free to ask.

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⁵ Andrews, Liza, "FY11 Cost-Saving Strategies (for nonprofit agencies in Connecticut)" (bar graph presented at a meeting for the Connecticut Association of Nonprofits, Hartford, CT. February 9, 2012).

⁶ Connecticut General Assembly: Office of Program Review and Investigations Committee, "2011 Provision of Selected Services for Clients with Intellectual Disabilities," Connecticut General Assembly, [http://www.cga.ct.gov/pri/docs/2011/Committee Approved Dual Provider Final Committee Report.PDF](http://www.cga.ct.gov/pri/docs/2011/Committee%20Approved%20Dual%20Provider%20Final%20Committee%20Report.PDF) (accessed February 1, 2012).